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Message Text

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60
ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 SS-15 L-03 H-02 NSC-10 CIAE-00

INR-10 NSAE-00 PA-03 RSC-01 USIA-12 PRS-01 COME-00

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INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY ROME
USMISSION EC BRUSSELS
USMISSION GENEVA

C O N F I D E N T I A L PARIS 14196

E. O.: 11652: GDS
TAGS: ETRD, EEC, FR
SUBJ: VIEWS OF FRENCH OFFICIAL ON TRADE NEGOTIATIONS

REF: PARIS 13926

1. CONVERSATIONS WHICH JEAN RENE BERNARD, NEWLY ELEVATED TO POSITION OF DEPUTY SECRETARY GENERAL OF ELYSEE, HAS HAD IN RECENT DAYS WITH SENIOR OFFICIALS FROM WASHINGTON HAVE BEEN THE OCCASION FOR A FURTHER EXPRESSION OF THE GROWING APPREHENSION WITH WHICH GOF VIEWS THE APPROACH OF THE TRADE NEGOTIATIONS. ALTHOUGH BERNARD HAS BEEN REPLACED IN HIS FORMER POSITION AS ECONOMIC AND FINANCIAL ADVISOR TO PRESIDENT POMPIDOU (BY MICHEL FREYCHE, FORMER DEPUTY TO DE MOREL, DIRECTOR OF DREE AND A VETERAN DREE OFFICIAL), HE RETAINS THE POSITION OF SECRETARY GENERAL OF THE INTER- AGENCY COMMITTEE ON EUROPEAN ECONOMIC AND SOCIAL POLICY AND IS THUS IN A BETTER POSITION THAN EVER TO EXPRESS FRENCH THINKING ON INTERNATIONAL
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ECONOMIC QUESTIONS. THE CONVERSATIONS WITH BERNARD PROVIDE FURTHER EVIDENCE THAT, FOR THE GOF, DIFFERENCES OVER THE TRADE NEGOTIATIONS CONSTITUTE THE SINGLE MOST IMPORTANT PROBLEM IN U. S.- FRENCH RELATIONS TODAY.

2. BERNARD BEGAN THESE CONVERSATIONS BY SAYING HE COULD NOT UNDERSTAND WHY THE U. S. ATTACHED SO MUCH IMPORTANCE TO THE TRADE NEGOTIATIONS. THE NEGOTIATIONS COULD BE EXPECTED TO LAST UNTIL THE END OF 1975 AND THE TARIFF CUTS AND OTHER MEASURES OF LIBERALIZATION AGREED UPON WOULD BE PHASED OVER A PERIOD OF AS MUCH AS FIVE YEARS. MOREOVER, THE REDUCTIONS IN PROTECTION WERE SUPPOSED TO BE RECIPROCAL. CONSEQUENTLY, THERE SEEMED TO BE NO WAY IN WHICH THE NEGOTIATIONS COULD HELP THE U. S. DEAL WITH ITS CURRENT BALANCE OF PAYMENTS PROBLEM. IN THE CIRCUMSTANCES, IT WAS HARD TO AVOID THE CONCLUSIONS THAT THE REAL REASON WHY THE U. S. WAS SO INTERESTED IN THE TRADE NEGOTIATIONS WAS THAT IN FACT IT EXPECTED TO FORCE UNILATERAL CONCESSIONS FROM ITS TRADING PARTNERS.

3. BERNARD OBSERVED THAT FRANCE HAD NOT ASKED FOR THE TRADE NEGOTIATIONS BUT HAD AGREED READILY ENOUGH WHEN THE U. S. HAD PROPOSED THEM AND WAS PREPARED TO PARTICIPATE IN THEM WITHOUT RESERVATION. BUT IF THE NEGOTIATIONS WERE GOING TO BE A MAJOR SOURCE OF DISCORD BETWEEN THE U. S. AND THE COMMUNITY BECAUSE OF UNACCEPTABLE DEMANDS BY THE U. S. FOR UNILATERAL CONCESSIONS, THEN HE PERSONALLY WONDERED WHETHER IT WAS WISE TO HOLD THEM.

4. BERNARD READILY ADMITTED THAT THERE HAD BEEN A TOUGHENING OF THE FRENCH POSITION ON THE NEGOTIATIONS OVER THE LAST MONTH OR TWO. HE SAID THERE WERE SEVERAL REASONS FOR THIS. IN THE FIRST PLACE, ENOUGH VOICES COULD STILL BE HEARD ON THE OTHER SIDE OF THE ATLANTIC PROCLAIMING THAT THE SUBJECT OF THE NEGOTIATIONS WAS TO ELIMINATE " UNFAIR DISCRIMINATION" AGAINST THE U. S. AS TO CAUSE VERY SERIOUS DOUBT ABOUT WHETHER THE U. S. INTENDED TO RESPECT THE PRINCIPLE OF RECIPROCITY. SECONDLY, THE TOUGH PROTECTIONIST PROVISIONS OF THE TRADE REFORM ACT HAD ALARMED THE FRENCH. FINALLY, THE FRENCH WERE NEGOTIATING WITH THEIR EC PARTNERS TO BRING THEIR CONCERNS OUT INTO THE OPEN AND EXPRESS THEM IN DETAILED AND CONCRETE FORM FOR THE FIRST TIME.

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5. BERNARD SAID HE UNDERSTOOD THE REASONS WHY WE BE-LIEVED THE TRADE BILL HAD TO CONTAIN SO MANY TOUGH PROVISIONS BUT HE ASKED AGAIN WHETHER IT WAS WISE TO FEED THE TIGER OF AMERICAN PROTECTIONISM. WASN' T THERE A DANGER THAT THIS WOULD MERELY INCREASE THE TIGER' S APPETITE?

6. BERNARD SAID HE HAD BEEN IMPRESSED BY ARGUMENTS U. S.

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OFFICIALS HAD MADE TO HIM RECENTLY THAT OUR REASONS FOR WANTING THE TRADE NEGOTIATIONS WERE, FIRST, TO BENEFIT FROM THE GENERAL INCREASE IN TRADE WHICH RESULTS FROM THE REDUCTION OF BARRIERS AND, SECOND, TO KEEP THE FORCES OF PROTECTIONISM IN THE U. S. ON THE DEFENSIVE. HE ALSO CITED WITH APPROVAL THE STATEMENT IN THE AMBASSADOR' S MAY 16 SPEECH AT STRASBOURG THAT WE INTENDED TO NEGOTIATION ON THE BASIS OF OVERALL RECIPROCITY. HOWEVER, THESE WERE EXCEPTIONS; THE IMPRESSION ONE GOT FROM MOST U. S. RHETORIC WAS THE CONTRARY. IN THE CIRCUMSTANCES, BERNARD SUGGESTED, IT WOULD BE EXTREMELY USEFUL IF PRESIDENT NIXON COULD REAFFIRM THE U. S. COMMITMENT TO THE PRINCIPLE OF RECIPROCITY IN HIS MEETING WITH PRESIDENT POMPIDOU.
IRWIN

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